

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-00 LAB-04 SIL-01 OMB-01 /083 W

-----260415 046399 /67

R 251523Z FEB 77

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 2138

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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EO 11652: NA

TAGS: EFIN

SUBJ: PEOPLES ASSEMBLY PASSES NEW 1977 BUDGET

REF CAIRO 1014 (NOTAL),

1. GOE FINALLY HAS A BUDGET FOR CURRENT FISCAL YEAR. DURING SIX HOUR MEETING ON FEB 24, PA ADOPTED, WITH MINOR MODIFICATIONS, DRAFT BILL UNDER CONSIDERATION BY FULL LEGISLATURE PAST TWO DAYS. VOTE WAS OVERWHELMINGLY, BUT NOT UNANIMOUSLY, IN FAVOR. TOTAL BUDGET FIGURE IS LE 7,050 MILLION, SOME 18 PERCENT LARGER THAN 1976 BUDGET.

2. NEW BUDGET APPARENTLY IS NEARLY IDENTICAL TO DISASTROUS JAN SUBMISSION (REFTEL) - WITH ONE MAJOR EXCEPTION; BUILTIN UNFINANCED DEFICIT (TAKING INTO ACCOUNT ANTICIPATED EXTERNAL FUNDING) IS LE 400 MILLION IN ABSENCE OF SUBSITY REDUCTIONS EARLIE PROPOSED AND THEN RESCINDED WHICH IF EFFECTED WOULD HAVE RESULTED IN ONLY LE 276 MILLION BANK-FINANCED GAP. OTHER REPROGRAMMING OF FUNDS MAY HAVE OCCURED, BUT THESE EVIDENTLY ARE NOT OF SUBSTANTIAL NATURE ON BASIS INFO NOW AVAILABLE.

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MINOR CHANGES WROUGHT BY PA (I.E. PROPOSED BY ASSEMBLY AND ACCEPTED IN PRICIPLE BY EXECUTIVE) WERE SHIFT OF LE 1 MILLION SCHEDULED FOR MFA CONSTRUCTION TO PUBLIC HOUSING, DECISION TO POSTPONE GOE AUTOMOBILE PURCHASES FOR TWO YEARS (EXCEPT POLICE AND ARMED FORCES) AND ESTABLISHMENT OF SALARY SCALES, ALONG WITH NECESSARY APPROPRIATIONS, FOR CERTAIN PUBLIC SECTOR EMPLOYMENT. OVERALL PUBLIC SECTOR WAS APPROP-

RIATION ROSE 22 PERCENT, TO LE 947.7 MILLION, AS WAS CASE
IN JAN SUBMISSION. BUDGET REPORTEDLY BECOMES EFFECTIVE MARCH 1.

3. COMMENT: WE ARE UNABLE TO DETECT ANY CUTS IN SUBSIDY
COSTS TO GOVT IN INCOMPLETE INFO PUBLISHED IN PRESS. IF
THERE ARE TO BE ANY OF SIGNIFICANCE, GOE IS KEEPING QUIET
ABOUT ITS PLANS AT THIS STAGE, UNLIKE COLD DOUCHE APPROACH
OF LAST MONTH. PA ECONOMIC COMMITTEE CHAIRMAN MURAD TOLD
EMBOFF FEB 24, AFTER PASSAGE OF BILL, THAT HE OPPOSED
BUDGET ON GROUNDS IT IS INFLATIONARY; MURAD WAS SILENT ON
WHERE AUSTERITY MEASURES COULD BE APPLIED, HOWEVER. POST-
PONING ORDER OF GOE VEHICLES WILL NOT CONTRIBUTE GREATLY
TO REDUCING OPERATIONAL BUDGET DEFICIT IN TERMS OF MAGNI-
TITUDE; RATHER IT FINDICATES THAT MORE MEANINGFUL SOLUTIONS
TO THE PROBLEM ARE EITHER NONEXISTENT OR UNACCEPTABLE.
EILTS

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Message Attributes

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